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C O N F I D E N T I A L SECTION 01 OF 03 ROME 002287

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TAGS: [PREL](#) [PGOV](#) [NATO](#) [IZ](#) [SA](#) [IR](#) [IT](#)
SUBJECT: IRAQ-ITALY: S/I STEPHENSON IN ROME: GOI PUSHING
MORE NATO FOR IRAQ, WILL ENGAGE KING ABDULLAH ON IRAQ ISSUES

REF: ROME 2216

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Classified By: Classified by Jonathan R. Cohen, Acting Political Minister Counselor, for reasons 1.4 (b) and (d).

11. (C) Summary. S/I Barbara Stephenson visited Rome on October 30 after the IRRFI conference in Bari to discuss Iraqi political and security developments with GOI officials. Stephenson told the Italians that the international community needed to take advantage of a dramatic decrease in violence. While provincial governments had developed quite well, the central Iraqi government had still not made progress on important benchmark legislation. The Italians agreed to encourage Saudi Arabia to open an embassy in Baghdad, consider debt reduction for Iraq and press Iraqi Sunni leaders to participate fully in the central government when Saudi King Abdullah is in Rome in early November. MFA NATO Office Director Bardini recommended that NATO engage in a PFP-like framework with Iraq to provide training, assistance, and mentorship on security and democratic reform. Deputy Diplomatic Advisor to the PM Carnelos stated that the GOI also believed the situation was improving, and wanted to ensure that Al Qaeda could not claim victory from any outcome in Iraq.. MFA Acting Director General for Middle East Affairs Scarantino told Stephenson that Iran was rapidly becoming the most important problem for the international community. End summary.

12. (C) S/I Stephenson traveled to Rome after the IRRFI conference in Bari, Italy to discuss the situation in Iraq and review Italian efforts there. Italy's engagement includes:

- Funding and Staffing a PRT in Dhi Qar with primary focus on judicial assistance, e-government, and environmental protection.
- Leading 4 of 5 training modules in NTM-I.
- Co-Chairmanship of the IRRFI, including organizing and hosting an international conference in Bari.
- Providing 240 million euro in development assistance since 2003 and pledging a 400 million euro soft loan program. Italy

will start transferring the first 100 million euro installment of that pledge this year to be used for SME development in the Dhi Qar and Kurdistan regions.

- Debt reduction in the amount of 2.4 billion Euros.
- Hosting a Lessons Learned Conference in June 2007 to highlight successful security transition and PRT development

Stephenson's delegation included Laird Treiber, Alexei Monsarrat (State), and Matthias Mitman (NSC). The delegation met with MFA Director General for Multilateral Political Affairs Giulio Terzi, NATO Office Director Gianni Bardini, G8 Coordinator Diego Brasioli, Acting DG for Middle Eastern Affairs Sergio Scarantino, Gulf Countries (including Iran) Office Director Fabrizio Romano and Deputy Diplomatic Advisor to the PM Marco Carnelos.

Stephenson: Decreased Violence Provides Space for Economic and Political Development

13. (C) Stephenson told the Italians that the violence in Iraq, particularly in Anbar province has decreased dramatically. While it is too early to know if this is a long-term trend, the coalition sees this as an opportunity to expand the scope and effectiveness of the central government to increase levels of stability and security. Unfortunately, while provincial governments have developed well, the central government has failed to produce significant results. The US and its partners are looking for ways to encourage the Iraqi government to move forward on key benchmark legislation, particularly with regard to passing a hydrocarbon law and a revenue sharing law. For this, the USG was encouraging countries to look for innovative new ways to provide

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technical expertise, not necessarily more donor funds, to help the Iraqi government. Mitman added that an important part of this puzzle would be to encourage Iraq's neighbors to be more constructive. Saudi Arabia could be useful in encouraging Iraqi Sunni leaders to participate in the government. Syria could do more to stop the flow of foreign fighters. Iran needed to stop its support of Shia militias, particularly those receiving material and training support for attacks on coalition troops.

14. (C) When informed that the Saudi King Abdullah would visit Rome in early November, Stephenson asked if the Italians could encourage Saudi Arabia to open an embassy in Baghdad and consider providing debt relief to Iraq.

Terzi and Bardini: We can and will do more

15. (C) Terzi told Stephenson that after the new government was elected in Italy, the GOI had not abandoned Iraq, but rather shifted its emphasis to work through multilateral fora: the EU, UN and NATO. Bardini said that in NATO, the Iraq issue had been controversial, but Italy was urging allies to move on and engage constructively. The Italians were leading the majority of training modules in NTM-I and were prepared to do more. He added that Italy was prepared to train Iraqi Navy and Air Force units if necessary. Additionally, Italy was preparing to float a proposal to increase NATO's engagement in Iraq. A Partnership for Peace-type arrangement with Iraq, where allies could engage in mentoring, advising, and training, might be the best way forward. The Iraqis would benefit from having a sovereign relationship with a multilateral international organization and NATO could use its considerable expertise in providing security assistance and encouraging democratic development. While the EU had excellent experience in police training, NATO was more adept at undertaking it in combat conditions.

Terzi noted that he wanted to avoid "special labels" and was not proposing extending PFP to Iraq, but was simply looking for a way to engage NATO more effectively in a part of the world where it is already engaged and needs to exert more influence. He promised to provide further details after fleshing out the idea further. Stephenson thanked Terzi and Bardini for their willingness to look at the problem in an innovative way and promised the USG would take a close look at the proposal.

16. (C) Terzi told Stephenson that Italy was extremely concerned about PKK violence against Turkey. Italy was urging restraint on both sides, but that Turkey was under pressure. EU membership for Turkey was stalling, there was no progress on the Cyprus issue, and the Iraqi government appeared to be doing very little to curb the PKK. Italy had recently publicly reiterated its position in favor of bringing Turkey into the EU and would continue to push for that. Stephenson agreed that urging restraint was key. Mitman said part of the problem was that neither the KRG nor the Iraqi central government believed the problem fell under their competency. Nevertheless, the USG was urging both to take action against the PKK by closing offices, stopping supply lines and detaining terrorists. Terzi promised to pass USG concerns on to the Saudis during their upcoming visit.

Carnelos: We Can't Let Iraq Be a Victory for Al Qaeda

17. (C) Carnelos told Stephenson that the GOI leadership believes that no matter what happens in Iraq, the international community cannot allow Al Qaeda to claim victory there. The situation in Iraq was not as bad as portrayed in the press and in the Italian domestic political discussions. Carnelos was happy to see that Iraq was no longer the center of the US domestic political discussion because that did not serve the interests of the Iraqi people.

18. (C) Carnelos told the delegation that PM Prodi had recently met with Iranian nuclear negotiators Larijani and Jalili after the Solana/Iranian meeting in Rome (reftel). The issue of Iraq had not been raised in depth with the Iranians but they were puzzled as to why the USG would chose

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to sanction the Iranian Republican Guard for their support of Shia militias and not the actual militias themselves. The Iranians added that if Iran was truly assisting militias to kill coalition troops, they would be able to kill 50-60 per attack, not the current 3-4. Carnelos agreed with Mitman that there was no doubt that Iran was aiding Shia militias, and added that Prodi had conveyed a message to the Iranian leadership that if Iran wanted to be a regional power, it needed to exert constructive influence and help stabilize the region. Carnelos speculated that Iran's national psyche was still strongly affected by the effects of the Iran-Iraq war in which over a million Iranians were killed and wounded. He thought that much of Iran's nuclear and regional activity was an effort to avoid becoming vulnerable again. For this reason, the Iranians prefer to leave some ambiguity about their nuclear capabilities. Carnelos was pessimistic that sanctions would lead to a rapid change in Iranian behavior. It would take a while for the cumulative effect of sanctions to impact the leadership. In the meantime, they would be able to achieve their nuclear ambitions, if that was their intent. The only real sanctions that would have an immediate effect would be an oil embargo, but he doubted anyone was serious about that.

19. (C) Carnelos stated that the Saudi king would be in Rome in November. He agreed to pass USG messages encouraging the Saudi government to open an embassy in Baghdad, pressing Sunni leaders to participate in the Iraqi central government and consider debt relief for Iraq. Carnelos said the Saudis

are very suspicious of the Maliki government because they perceive him as pushing a Shia agenda which includes closer ties to Iran. For Saudi Arabia, Iraq is seen through the prism of Iran, and the Saudis fear Iranian domination of Iraq could cause problems for Saudi Arabia's role in the region.

Scarantino/Romano: Iran is not a Problem, It is "the" Problem

¶10. (C) Scarantino and Romano told Stephenson that Iran is no longer just one of many challenges in the region, it is rapidly becoming the most difficult and important one. The GOI sees Iranian support of hard-liners creating problems in Iraq, Syria, Lebanon and even with the Palestinians. Prodi had recently met with Jalili and Larijani and delivered a tough message: Iran can only be a regional player if it acts responsibly. At the same time, however, Iran had shown itself to be a bit more responsible on Lebanon than Syria. Scarantino believed the Iranians were confused about the international community's intentions - nuclear disarmament, military strike or regime change. Scarantino asked Stephenson whether the USG was more inclined to continue to act through diplomatic channels or strike militarily. Stephenson said the USG was frustrated that after making an effort to open a channel to Iran to discuss Iraq, the contact had not produced results. Nevertheless, the USG was prepared to continue the diplomatic approach but diplomacy needed sanctions to reinforce the message. In the meantime, the USG was studying all alternatives.

¶11. (C) On Syria, Scarantino said the GOI had asked Syria for a list of what it wanted in exchange for acting more responsibly in the region - particularly in Lebanon and on the Israeli-Palestinian issue. The Syrians had not answered but indicated that a comprehensive solution was necessary to solve the Israeli-Palestinian and Lebanese issues at the same time. While the Syrians had not told the GOI directly, Scarantino believed that they wanted return of the Golan heights, greater influence in Lebanon, and to be let off the hook in the Hariri investigation - something the GOI was not inclined to offer. Instead the GOI asked Syria to take part in ongoing regional efforts, but the Syrians had failed by not taking the first step of accepting an invitation to the Annapolis conference.

¶12. (U) S/I Stephenson has cleared this message.
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